



Treasury Financial Manual

Bulletin No. 2000-02

Volume I

Retention: December 1, 2000

To: Heads of Government Departments, Agencies and Others Concerned

Subject: Revised Reporting Procedures for Deposit Funds

1. Purpose

This bulletin provides information to Federal administrative agencies regarding new reporting procedures for deposit fund transactions. It includes revised reporting instructions for unidentified remittances and provides a list of new deposit funds available to all agencies.

These new procedures modify current procedures in I TFM 2-1500 as of December 1, 1999. (The procedures will be codified in I TFM 2-1500: Description of Accounts Relating to Financial Operations, at a later date.)

Agencies must review all deposit funds for conformance with the revised reporting procedures and complete any necessary transfers by June 30, 2000.

2. Background

A deposit fund is an account established to record monies that do not belong to the Federal Government. These amounts include:

- Monies withheld by the Government from payments for goods and services received.
- Deposits received from outside sources for which the Government acts solely as a banker, fiscal agent or custodian.
- Monies held by the Government awaiting distribution on the basis of a legal determination or investigation.

Deposit funds are excluded from the Federal budget.

In contrast, clearing accounts are used for unclassified transactions when there is a reasonable presumption that the amounts belong to the Federal Government. These accounts are established to temporarily hold transactions that will subsequently be credited to a receipt or expenditure account of a Federal entity. Clearing accounts are identified by an “F” preceding the last 4 digits. Clearing accounts are included in the Federal budget.

The proper classification of transactions as budgetary or non-budgetary has a significant impact on the surplus or deficit of the Federal Government.

3. Revised Reporting Instructions

Deposit funds will **no longer** include unidentified remittances. Agencies will credit unidentified remittances from the public to F3875, “Budget clearing account (suspense).” Credit unclassified transactions between Federal agencies, including OPAC transactions, to F3885, “Undistributed intergovernmental payments.” Agencies should assume that transactions represent budgetary activity unless there is a reasonable presumption that they are non-budgetary.

The detailed account descriptions presented in I TFM 2-1500 will be updated to reflect the above changes.

4. Specific Purpose for Deposit Fund Accounts

To maintain accountability, agencies must establish separate deposit funds to hold non-Government monies for individual statutory authorizations or programs. Agencies must restructure existing deposit funds that do not meet this requirement. Agencies should request new deposit funds through their Office of Management and Budget examiner.

5. New Deposit Funds Available to All Agencies

The following new deposit funds are available to all agencies:

- **Advances without orders from non-Federal sources (X6500)**—Use this account for advances without orders from non-Federal sources. However, credit advances without orders from another Federal agency to F3885, “Undistributed intergovernmental payments.”
- **Small escrow amounts (X6501)**—Use this account for small escrow amounts held less than 1 year, when the agency’s balance is less than \$1 million.
- **Other Federal payroll withholding, allotments (X6276)**—Use this account only when Federal payroll withholding amounts, not including deductions for U.S. Savings Bonds, must be held to make monthly payments.

6. Discontinued Use of Deposit Fund X6875, “Suspense”

Agencies must transfer balances from X6875, “Suspense,” to the new deposit funds available to all agencies or to other appropriate accounts (see descriptions below).

Agencies must take the necessary and appropriate action to clear all X6875, “Suspense,” balances before June 30, 2000. After this date, the accounts must be brought to a zero balance and Treasury will close these accounts.

7. Review of Existing Deposit Funds

Each agency must review its deposit funds and take the following actions:

- Transfer amounts that are the legal property of the Federal Government to an expenditure or receipt account as provided in the authorizing statute for the collections. In some cases, agencies may need to request new budget accounts.
- Reconcile statements of difference promptly. Do not use deposit funds to clear these accounts “temporarily.”
- Correct negative balances and adjust procedures, if necessary, to ensure that negative balances do not recur. (A deposit fund should never have a negative balance. If a Federal disbursing officer over disburses a deposit fund, an Anti-Deficiency Act violation has been committed and must be promptly reported.)
- Ensure that each deposit fund holds non-Government monies for only one specific purpose.
- Credit unidentified remittances from the public to F3875, “Budget clearing account (suspense).”
- Credit unclassified transactions between Federal agencies to F3885, “Undisputed intergovernmental payments.”
- Ensure that advances are being recorded to the proper account:

Advances with orders should be credited to the performing account.

Advances without orders from another Federal agency should be credited to clearing account F3885, “Undistributed intergovernmental payments.”

Advances without orders from non-Federal sources should be credited to the new deposit fund X6500.

- Request new deposit funds for other amounts that are clearly not the legal property of the Federal Government if no deposit fund is available for the same authorization or program.

8. Special Instructions for Federal Payroll Withholding Amounts

Agencies will record the following transactions effective the same day net pay is disbursed:

- Charge salaries and expenses accounts for payroll withholding amounts.
- Transfer payroll withholding amounts to the appropriate receiving agency or entity.
- Credit deposit funds for:

State and local taxes.

U.S. Savings Bonds.

Allotments held for monthly payment.

9. Effective Date

December 1, 1999.

10. Inquiries

Direct questions concerning establishing new accounts to:

Finance Management Branch
Reports Management Division
Financial Management Service
Department of the Treasury
3700 East-West Highway, Room 632F
Hyattsville, MD 20782
Telephone: 202-874-9780

Direct questions concerning this bulletin to:

Budget Reports Branch
Reports Management Division
Financial Management Service
Department of the Treasury
3700 East-West Highway, Room 518D
Hyattsville, MD 20782
Telephone: 202-874-9880

A handwritten signature in black ink, appearing to read "Richard L. Gregg". The signature is fluid and cursive, with a long horizontal stroke at the end.

Date: December 13, 1999

Richard L. Gregg
Commissioner